

Message Text

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21

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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E.O. 11652: N/A

TAGS: EAIR, OCLR, ID

SUBJECT: CIVAIR NEGOTIATIONS

REF : (A) STATE 180128, (B) JAKARTA 9646, (C) JAKARTA 7405

1. SUMMARY: I MET WITH GOI MINISTER OF COMMUNICATIONS EMIL SAMIM TO DISCUSS LATES PAN AM SCHEDULE CHANGE. GOI ACTION ON SCHEDULE WILL DEPEND ON OUTCOME RESCHEDULED GARUDA APPLICATIONS HEARINGS. END SUMMARY.

2. EMBOFF AND I MET 27 JULY WITH GOI MINISTER OF COMMUNICATIONS EMIL SALIM AND HIS ASSISTANT MR. SUHONO TO DISCUSS LATEST PAN AM SCHEDULE PROPOSAL AND UPCOMING GARUDA APPLICATION HEARINGS AT CAB. SALIM INFORMED ME HE HAD BEEN NOTIFIED VIA GARUDA THAT ITS CAB HEARINGS IN WASHINGTON ON APPLICATIONS FOR PERMISSION TO FLY INDONESIA-US POSTPONED FROM 30 JULY (REFS A, B) NOW SET FOR 15 AUGUST. SALIM HOPED GARUDA COULD START SERVICE 1 NOVEMBER. I NOTED REASONS FOR POSTPONEMENT AND DEPARTMENT'S CONCERN THAT HEARINGS GET UNDERWAY SO THAT SOME AMICABLE AGREEMENT CAN BE FOUND FOR SETTling CIVAIR PROBLEM. I POINTED OUT GOI NOT ENTIRELY BLAMELESS FOR DISCUSSIONS HAVING DRAGGED ON FOR OVER 8 MONTHS AND COULD NOT PROMISE DECISION INTIME FOR NOVEMBER STARTING DATE.

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3. SALIM SAID HE NOT ALL HAPPY WITH PAN AM'S LATEST PROPOSED SCHEDULE EFFECTIVE 1 SEPTEMBER FOR ONE FREQUENCY WEEKLY US-HONOLULU-GUAM-JAKARTA IN ADDITION TO CURRENT ONE FREQUENCY US-PAGO PAGO-SYDNEY-JAKARTA-HONG KONG AND ONE FREQUENCY US-AUCKLAND-SYDNEY-DENPASAR-HONG KONG, BOTH WITH FIFTH FREEDOM AND POINT BEYOND.

4. THE MINISTER INITIALLY TOOK HARD LINE LINKING PAN AM SCHEDULE WITH OUTCOME GARUDA HEARINGS. HE SAID EXISTENCE OF TWO UNCERTAINTIES PENDING CAB HEARINGS--WHETHER ANY GARUDA INDONESIA-US FLIGHTS ALLOWED AND WHETHER GARUDA ALLOWED GUAM TRAFFIC STOP---FORCED GOI TO PLAN FOR WORST CASE, I.E., POSSIBLY TERMINATING AIR AGREEMENT ALTOGETHER. SALIM SAID THERE CAN BE NO GOI CONSIDERATION PROPOSED NEW PAN AM SCHEDULE UNTIL OUTCOME OF CAB HEARINGS KNOWN. GUAM IS THE BARGAINING POINT: IF GARUDA GETS A FULL TRAFFIC STOP, HE SAID GOI IS PREPARED TO NEGOTIATE PAN AM SCHEDULE; IF GARUDA NOT ALLOWED FULL TRAFFIC STOP GUAM, GOI WILL MOVE TO TERMINATE AIR AGREEMENT OVER COURSE OF NEXT YEAR. SALIM SAID "IT IS IMPORTANT TO REALIZE THAT WHILE PENDULUM MAY BE SWINGING TOWARD TERMINATION AIR AGREEMENT, THIS SHOULD NOT BE TAKEN AS THREAT OF BALCKMAIL BUT ONLY AS FAIRNESS FOR INDONESIA".

5. SALIM QUESTIONED THAT SINCE PAN AM NOW AT LEAST HAS CERTAINTY OF STATUS QUO OF TWO FIFTH FREEDOM FREQUENCIES WHILE GARUDA HAS NOTHING, WHY SHOULD PAN AM NOW GET ADDITIONAL US-GUAM-JAKARTA FLIGHT? HE WAS WILLING, HOWEVER, TO OFFER CONCESSION THAT PAN AM COULD HAVE US-GUAM-JAKARTA FREQUENCY IN RETURN FOR GIVING UP US-SYDNEY-JAKARTA-HONG KONG FLIGHT.

6. I ATTEMPTED TO DISSUADE SALIM FROM BASING FUTUE OF ENTIRE US-GOI AVIATION AFFAIRS ON OUTCOME DECISION GAUM FLIGHTS FOR GARUDA. I POINTED OUT A) PAN AM ALREADY CONCEDED TWO FIFTH FREEDOM FREQUENCIES IT HAD LEAGAL RIGHT TO OPERATE UNDER BILATERAL AGREEMENT; B) US MARKET A LUCRATIVE ONE FOR GARUDA TO PENETRATE; C) OTHER BENEFITS IN FORM OF MARKETING AND TECHNICAL AD-

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VICE GARUDA LIKELY TO RECEIVE; AND D) NEED TO KEEP GARUDA'S DC-10'S IN AIR RATHER THAN ON GROUND.

7. SALIM ARGUED GARUDA FLIGHTS TO US POLITICAL RATHER THAN COMMERCIAL ISSUE, SINCE GARUDA WOULD NOT MAKE ANY MONEY FIRST FEW YEARS OF OPERATION. SEEMINGLY BACKING DOWN FROM EARLIER NO GUAM-NO FLIGHTS AT ALL POSITION, SALIM SAID MUCH DEPENDS ON MOOD OF CAB

HEARINGS. DOOR TO NEGOTIATIONS WOULD BE CLOSED, HE SAID, AF ADVERSE CAB DECISION ON GUAM ARRIVED AT IN HEARING ATMOSPHERE OF US AS SUPERPOWER. IF HEARINGS GAVE FAIR SHAKE (IN GOI EYES) TO GARUDA REPRESENTATION, THERE MIGHT STILL BE ROOM FOR NEGOTIATIONS ON SOME KIND OF PAN AM SCHEDULE IRRESPECTIVE OUTCOME OF HEARINGS. I ASSURED SALIM GARUDA WOULD GET FAIR HEARING AND ASKED WHETHER HE DID NOT BELIEVE MERPATI HAD RECEIVED FAIR CAB HEARING. HE AGREED THEY HAD, BUT SAID ONEROUS CONDITIONS HAD BEEN INCLUDED IN CAB DECISION, QUITE UNLIKE WHAT INDONESIA WOULD REQUIRE. I REMINDED HIM EVERYONE WANTS TO FLY TO US AND ANY CAB DECISION MUST TAKE INTO ACCOUNT OUT TOTAL RELATIONSHIPS.

8. FINALLY, THE MINISTER GAVE ME A COPY OF LETTER HE SENT TO EMBASSY (BUT NOT YET RECEIVED) STATING "THE FOLLOWING ALTERNATIVE AS A POSSIBLE WAY OUT": A) FOR GARUDA, FOUR FREQUENCIES A WEEK (TWO IF BY DC-10) WITH THIRD AND FOURTH FREEDOMS ON ROUTE INDONESIA-GUAM-HONOLULY-LOS ANGELES; B) FOR PAN AM, THREE FREQUENCIES A WEEK WITH NARROW-BODIED JETS CONSISTING OF TWO FREQUENCIES WITH THIRD AND FOURTH FREEDOMS ON ROUTE SAN FRANCISCO-HONOLULY-GUAM-JAKARTA; AND ONE FREQUENCY WITH FULL FIFTH FREEDOM RIGHTS ON ROUTE US-FIJI-AUCKLAND-SYDNEY-DENPASAR-HONG KONG. SALIM'S LETTER PRECLUDED USE OF 747'S ON THESE ROUTES.

9. I SAID WE WOULD STUDY LETTER, BUT POINT OUT US NOT LIKELY TO AGREE TO ANY ARRANGEMENT IN WHICH GARUDA HAD FOUR FREQUENCIES TO THREE FOR PAN AM.

10. COMMENT: SESSION WAS ONE MORE REVIEW OF WELL KNOWN SALIM POSITIONS (REF C), BUT, AT LEAST, HAS LIMITED OFFICIAL USE

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KEPT DOOR OPEN FOR FURTHER DISCUSSIONS AFTER CAB HAS REVIEWED CASE. MEETING AGAIN HIGHLIGHTED FACT THAT MANNER IN WHICH INDONESIA TREATED AS IMPORTANT TO SALIM AS SUBSTANCE.

11. GOI APPARENTLY WILL HOLD UP ACTION ON PAN AM SCHEDULE PENDING ITS ASSESSMENT OF MOOD AND OUTCOME OF CAB HEARINGS. WOULD APPRECIATE DEPARTMENT KEEPING EMBASSY INFORMED OF PROGRESS OF CAB HEARINGS SO WE CAN BE AUTHORITATIVELY UP ON ISSUES AT THIS END.

12. SUBSTANCE CONVEYED TO LOCAL PAN AM MANAGER. NEWSOM

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